

School Business – July 2, 2020

School Business staff thank you all for your support and your hard work during fiscal year close out. We wish you a wonderful and safe July 4th holiday.

Summary of 2020-21 Legislation as of July 2, 2020

The document posted on our home page provides a summary of the session law that affects the finance offices. This is only summary level and does not include all the details. www.dpi.nc.gov/districts-schools/district-operations/financial-and-business-services

PRC078 Digital Learning Initiative Effective July 1, 2020

SL 2020-49 (S113) www.ncleg.gov/Sessions/2019/Bills/Senate/PDF/S113v5.pdf amended the allowable use of the Digital Learning funds and effective July 1 the only allowable expenditure is for software licenses. Initial funds will be allocated based on Digital Learning data. Additional information will be provided pending SBE approval of the amended allotment policy.

Federal Programs and Monitoring Update

US Ed Updated Guidance Coronavirus Aid, Relief, and Economic Security (CARES) Act

The US Department of Education (US Ed) issued [a June 25, 2020, press release](#) announcing that it is implementing an Interim Final Rule (IFR) that expands upon the previous guidance regarding equitable services under the Elementary and Secondary School Emergency Relief Fund (ESSER). The IFR now gives school districts two options for calculating proportional share and implementing services with CARES Act-ESSER funds.

In nonregulatory [guidance addressing equitable services under the CARES Act, issued on April 30, 2020](#), US Ed had outlined that ESSER proportionate share calculations should be based on total enrollment of students at private schools in the district's enrollment area, rather than basing proportionate share calculations for ESSER funds on the number of qualifying low-income status as required for the Title I, Part A program in Section 1117 of the Every Student Succeeds Act (ESSA).

[The IFR](#) officially published on July 1, 2020 adopts and expands upon the previously issued nonregulatory guidance, requiring districts to utilize one of two methods when determining proportionate share: 1) calculating the amount based on total enrollments as outlined in the previously issued nonregulatory guidance; or 2) calculating the amount based on the number of qualifying low-income students. As an IFR, while US Ed can still make changes to the rule based on the results of the public comment process, this rule is now legally enforceable as of the date of publishing in the Federal

Register. Districts should exercise caution moving forward, understanding that changes to the IFR may result from the 30-day comment period, legal challenges to the IFR and the potential for additional legislation.

However, it is essential to highlight that, under the IFR, a district can only utilize the second method for calculating proportionate share (basing the amount on the number of qualifying low-income students) if the district **only** utilizes its ESSER funds to provide services for Title I schools; **a district using the second method for calculating proportionate share would not be able to use ESSER funds at schools that were not Title I schools during the 2019-2020 school year.** The IFR also imposes the Title I supplement-not-supplant provision for ESSER funds where a district utilizes the second option for calculating proportionate share, which would require a district to ensure that its methodology for distributing State and local funds would not result in schools that receive ESSER funds receiving less State and local funds on account of their ESSER recipient status.

It is our understanding that many districts have already completed their consultations with private schools using the total enrollments (i.e., the first option), in accordance with the April 30 guidance. If such a district decided to alter its approach and pursue the second option instead, there would be a number of important issues to consider:

- Private school operators may have begun to take action based on the anticipated services that have been offered. This might include activities that, while not part of equitable services, have been planned around or in conjunction with equitable services.
- Any current plans to spend ESSER funds at non-Title I schools within a district would have to be canceled, and any spending that has already been completed would have to be adjusted to utilize non-ESSER funds for any goods or services that have been provided to non-Title I schools.
- Low-income and residency information would be required from the private schools so that proportionate shares could be recalculated.
- While your district will not have to re-start the consultation process, you will need to use the ongoing consultations to promptly update the private schools about any changes in the method for determining equitable share.

Districts electing to follow the second option would calculate proportionate share in one of the two ways [outlined on the final page of the IFR](#). The proportionate share calculator for Title I can be found on [DPI's Equitable Services web page](#).

To help provide more guidance, Federal Program Monitoring staff will offer Question and Answer Sessions by region. Please feel free to participate in any session that fits your schedule.

7/8 2:00-3:00 Southeast/Sandhills: [Webinar Link](#)

7/8 3:30-4:30 Northeast/North Central: [Webinar Link](#)

7/9 10-11:00 Southwest/Piedmont Triad: [Webinar Link](#)

7/9 11:30-12:30 Northwest/Western: [Webinar Link](#)

The password for each Webinar link is CARES.

If you have any questions, please contact Talbot Troy at talbot.troy@dpi.nc.gov or 984-236-2797.

Exceptional Children Division Updates

- PRC 118 Requests and Budget Amendments are reviewed as they are received. This process is somewhat time consuming. However, it is our intent to review as timely as possible. We thank you in advance for your patience.
- Please see the link that has been shared with EC Directors/Coordinators regarding submission of the 619 grant.
www.loom.com/share/a6ef952f85fa466888b24c8cc0635c52

Reminders

- FY 2020 Year End Dates – Remaining dates are **July 3 and 6, 2020**. Details are in the June 26, 2020 newsletter. *
 - Instructional Start and End Dates for School Year 2020-2021 – LEAs Only **Due July 10, 2020**. Details are in the June 26, 2020 newsletter. *
 - July PSBCF and NBPSCF Lottery Distribution Requests - Due **July 22, 2020**. Details are in the June 26, 2020 newsletter. *
 - 2020 Statewide Facility Needs Survey – Due **October 30, 2020**. Details are in the June 26, 2020 newsletter. *
 - TSI PRC 115 Funding carryover budgets – Due **July 31, 2021**. Details are in the June 26, 2020 newsletter. *
- * www.dpi.nc.gov/districts-schools/district-operations/financial-and-business-services/school-district-finance-operations/procedures-and-guidance#newsletter
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